

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
Kinder, Louisiana

A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
ANNUAL FINANCIAL STATEMENTS

As of and For the Year Ended June 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/14/09

STUTZMAN & GATES, LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1238  
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Annual Financial Statements  
As of and for the Year Ended June 30, 2008  
With Supplemental Information Schedules

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# Stutzman & Gates, LLC

## Certified Public Accountants

Members:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

### INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners  
Recreation District No. 2 of Allen Parish  
Kinder, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and each major fund of the Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Recreation District No. 2 of Allen Parish.

A review consists principally of inquiries of the Recreation District No. 2 of Allen Parish's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

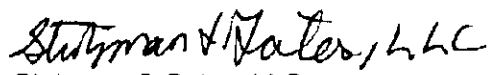
Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated December 17, 2008, on the results of our agreed-upon procedures.

The budgetary comparison information on page 22 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion of any other form of assurance on the supplementary information.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included as "Other Supplemental Information" in the table of contents is presented only for supplementary analysis purposes. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

  
Stutzman & Gates, LLC  
December 17, 2008

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**  
**Kinder, Louisiana**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash	\$ 105,845
Receivables (net of allowances for uncollectibles)	303
Prepaid insurance	988
Restricted assets-cash	250,000
Capital assets (net)	535,492
Bond issuance cost (net of accumulated amortization)	<u>4,575</u>
TOTAL ASSETS	<u>897,203</u>
<b>LIABILITIES</b>	
Accounts payable	2,311
Interest payable	664
Payroll liabilities	943
Bonds payable:	
Portion due within one year	20,000
Long-term portion of bonds payable	<u>230,000</u>
TOTAL LIABILITIES	<u>253,918</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	535,492
Restricted for:	
Capital projects	250,000
Unrestricted	<u>(142,207)</u>
TOTAL NET ASSETS	<u>\$ 643,285</u>

See accompanying notes and accountant's report.

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Kinder, Louisiana  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2008

		NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS
<b>Governmental Activities</b>	<b>EXPENSES</b>	<b>GOVERNMENTAL ACTIVITIES</b>
General government	\$ 108,799	\$ (108,799)
Interest	1,444	(1,444)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 110,243</b>	<b>\$ (110,243)</b>
	General revenues:	
	Ad valorem taxes	111,324
	Interest	2,633
	<b>TOTAL GENERAL REVENUES</b>	<b>113,957</b>
	<b>CHANGE IN NET ASSETS</b>	<b>3,714</b>
	<b>NET ASSETS - BEGINNING</b>	<b>639,571</b>
	<b>NET ASSETS - ENDING</b>	<b>\$ 643,285</b>

See accompanying notes and accountant's report.

## **FUND FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
ALL FUND TYPES AND ACCOUNT GROUPS  
Balance Sheet, June 30, 2008

	GOVERNMENTAL FUNDS		
	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
<b>ASSETS AND OTHER DEBITS</b>			
Assets:			
Cash and cash equivalents	\$ 105,569	\$ 276	\$ 105,845
Interest receivable	303	-	303
Restricted assets-cash	250,000	-	250,000
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 355,872</u>	<u>\$ 276</u>	<u>\$ 356,148</u>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>			
Liabilities:			
Accounts payable	\$ 2,311	\$ -	\$ 2,311
Payroll deductions and withholding payable	943	-	943
Total Liabilities	<u>3,254</u>	<u>-</u>	<u>3,254</u>
Equity and Other Credits:			
Fund balances:			
Reserved for capital outlay	250,000	276	250,276
Unreserved - undesignated	102,618	-	102,618
Total Equity and Other Credits	<u>352,618</u>	<u>276</u>	<u>352,894</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u>\$ 355,872</u>	<u>\$ 276</u>	<u>\$ 356,148</u>

See accompanying notes and accountant's report.

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**  
**Kinder, Louisiana**  
**Reconciliation of the Balance Sheet - Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2008**

<b>TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS AT</b> <b>JUNE 30, 2008</b>	<b>\$ 352,894</b>
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets, net of accumulated depreciation	535,492
Bond issuance cost which are reported as expenditures in the year incurred in governmental funds are deferred and amortized in the statement of activities	
	4,575
Certain insurance cost which are reported as expenditures in the year incurred in the governmental funds will benefit future periods and are recorded as prepaid insurance on the statement of net assets	
	988
Certain liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the statement of net assets:	
Bonds payable	(250,000)
Accrued interest payable	<u>(664)</u>
<b>TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES</b> <b>AT JUNE 30, 2008</b>	<b><u>\$ 643,285</u></b>

See accompanying notes and accountant's report.

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended June 30, 2008

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>			
Ad valorem taxes - net	\$ 111,324	\$ -	\$ 111,324
Other revenues:			
Interest	2,633	-	2,633
Total Revenues	113,957	-	113,957
<b>EXPENDITURES</b>			
Advertising	1,635	-	1,635
Gas & oil	1,400	-	1,400
Insurance	7,995	-	7,995
Miscellaneous	558	-	558
Payroll taxes	2,010	-	2,010
Printing & office supplies	216	-	216
Professional fees	4,469	-	4,469
Repairs & maintenance	23,223	-	23,223
Utilities	6,077	-	6,077
Wages	18,218	-	18,218
Debt service:			
Principal retirement	42,000	-	42,000
Interest	1,170	-	1,170
Total Expenditures	108,971	-	108,971
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	4,986	-	4,986
<b>OTHER FINANCING SOURCES (USES):</b>			
Bond proceeds	250,000	-	250,000
Bond issuance costs	(4,653)	-	(4,653)
Transfers in	2,000	-	2,000
Transfers out	-	(2,000)	(2,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	247,347	(2,000)	245,347
<b>NET CHANGE IN FUND BALANCES</b>	252,333	(2,000)	250,333
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	100,285	2,276	102,561
<b>FUND BALANCES AT END OF YEAR</b>	\$ 352,618	\$ 276	\$ 352,894

See accompanying notes and accountant's report.

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY  
Kinder, Louisiana  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2008**

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS INCREASE	\$ 250,333
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Amounts reported for governmental activities in the statement of activities are different because:

*Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense:*

Depreciation expense	<u>\$ (42,907)</u>	(42,907)
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In the statement of activities some expenses do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued interest expense for the current year	(274)
Bond issue amortization for the current year	(78)

The governmental funds report certain revenue and expenditures when received or paid. The statement of activities record revenues when earned and expenditures in the period benefited as follows:

Prepaid insurance	(13)
Bond issuance costs	4,653

Bond proceeds received are recorded as revenue in the governmental fund, but are recorded as a liability in the statement of net assets	(250,000)
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Repayment of bond principal is an expenditure in the governmental funds, but reduces liabilities in the statement of net assets	<u>42,000</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,714</u>
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See accompanying notes and accountant's report.

## **NOTES TO THE FINANCIAL STATEMENTS**

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**  
Kinder, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

## **INTRODUCTION**

The Recreation District No. 2 of Allen Parish was created by the Allen Parish Police Jury. The District is governed by a board of five noncompensated commissioners who are appointed by the Allen Parish Police Jury. The District establishes regulations governing the park and playground and provides administration, management, maintenance and operations of the facilities. The District employs a varying number of seasonal, part-time employees.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Recreation District No. 2 of Allen Parish is considered a component unit of the Allen Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Recreation District No. 2 of Allen Parish. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

#### **B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The Recreation District No. 2 of Allen Parish reports the following governmental funds:

1. The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
2. The Capital Projects Fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

### **C. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Recreation District No. 2 of Allen Parish's investment policy allow the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

### **D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Recreation District No. 2 of Allen Parish  
Notes to the Financial Statements (Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District does not use a valuation account for bad debts and considers its method to not result in an outcome that differs materially from results if the allowance method had been used.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized And Levied Millage</u>
Taxes due for:	
Maintenance	4.98 mills

**E. Restricted Assets**

Restricted assets are resources that the governmental entity is restricted from spending. Restricted assets are reported in both the governmental activities column in the government-wide financial statements and the general fund column in the fund financial statements. As of June 30, 2008 the Recreation District No. 2 of Allen Parish had \$250,000 of restricted assets. This amount reflects unspent bond proceeds to be used for the purchase of capital assets.

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. As of June 30, 2008, all assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Recreation District No. 2 of Allen Parish maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & building improvements	20 years
Equipment	7-20 years
Furniture & fixtures	7 years
Vehicles	5 years
Infrastructure	20-40 years

**G. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities type statement of net assets. Issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**H. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**I. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**J. Restricted Net Assets**

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Recreation District No. 2 of Allen Parish uses the following budget practices:

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the District's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

### 3. CASH AND CASH EQUIVALENTS

Custodial credit risk -- deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement that is approved by the Board of Commissioners, the District maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Interest rate risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk. The District places no limit on the amount the District may invest in any one issuer.

At June 30, 2008, the Recreation District No. 2 of Allen Parish has cash and cash equivalents (book balances) totaling \$355,845 as follows:

Demand deposits	\$ 8,020
Interest-bearing demand deposits	274,873
Time deposits	72,952
Other	-
Total	<u>\$ 355,845</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2008, the Recreation District No. 2 of Allen Parish has \$361,706 in deposits (collected bank balances). These deposits are secured from risk by \$113,606 of federal deposit insurance and \$248,100 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

### 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The District makes routine transfers between funds to pay routine expenses that occur during the year.

Interfund transfers:

From	To	Amount
Capital Projects Fund	General Fund	<u>\$ 2,000</u>

Recreation District No. 2 of Allen Parish  
Notes to the Financial Statements (Continued)

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2008, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 53,015	\$ -	\$ -	\$ 53,015
Total capital assets not being depreciated	<u>\$ 53,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,015</u>
Capital assets being depreciated:				
Buildings & building improvements	\$ 271,432	\$ -	\$ -	\$ 271,432
Equipment	113,681	-	-	113,681
Furniture & Fixtures	269	-	-	269
Infrastructure	589,241	-	-	589,241
Total capital assets being depreciated	<u>\$ 974,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 974,623</u>
Less accumulated depreciation for:				
Buildings & building improvements	\$ 73,660	\$ 11,688	\$ -	\$ 85,348
Equipment	64,914	10,191	-	75,105
Furniture & Fixtures	269	-	-	269
Infrastructure	310,396	21,028	-	331,424
Total accumulated depreciation	<u>\$ 449,239</u>	<u>\$ 42,907</u>	<u>\$ -</u>	<u>\$ 492,146</u>
Total capital assets being depreciated, net	<u>\$ 525,384</u>	<u>\$ (42,907)</u>	<u>\$ -</u>	<u>\$ 482,477</u>

Depreciation expense of \$42,907 for the year ended June 30, 2008 was charged to the following governmental functions:

General Government	<u>\$ 42,907</u>
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**6. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2008.

	<u>Bonded Debt</u>
Long-term obligations at Beginning of Year	\$ 42,000
Additions	250,000
Deductions	<u>42,000</u>
Long-term obligations at End of Year	<u>\$ 250,000</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2008.

	<u>Bonded Debt</u>
Current portion	\$ 20,000
Long-term portion	<u>230,000</u>
Total	<u>\$ 250,000</u>

All District bonds outstanding at June 30, 2008, are general obligation bonds with maturities from 2013 to 2018 and interest rates from 0.00% to 3.45%. Bond principal and interest payable in the next fiscal year are \$20,000 and \$5,552 respectively. The individual issues are as follows:

Recreation District No. 2 of Allen Parish  
Notes to the Financial Statements (Continued)

**6. LONG-TERM OBLIGATIONS**

Bond	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
C.O.I. Series 2008-A	\$ 213,000	3.45%	March 1, 2018	\$ 44,330	\$ 213,000	Ad valorem taxes
C.O.I. Series 2008-B	\$ 37,000	0.00%	March 1, 2013	\$ -	\$ 37,000	Ad valorem taxes

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the District.

Year Ending June 30,	Principal Payments	Interest Payments	Total
2009	\$ 20,000	\$ 5,552	\$ 25,552
2010	23,000	6,900	29,900
2011	23,000	6,348	29,348
2012	24,000	5,796	29,796
2013	24,000	5,244	29,244
2014-2018	136,000	14,490	150,490
Total	<u>\$ 250,000</u>	<u>\$ 44,330</u>	<u>\$ 294,330</u>

In accordance with R.S. 39:562, the Recreation District No. 2 of Allen Parish is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2008, the statutory limit is \$8,433,727 and outstanding bonded debt totals \$250,000.

**7. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**8. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2008, the District has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2008 to be restated in terms of "net assets" in the government-wide financial statements. The following is a reconciliation of governmental fund balance to net assets:

Recreation District No. 2 of Allen Parish  
Notes to the Financial Statements (Continued)

**8. CHANGE IN ACCOUNTING PRINCIPLE**

Total Fund Balance at July 1, 2007-Governmental Funds	\$ 102,561
Cost of capital assets at July 1, 2007	1,027,638
Accumulated depreciation at July 1, 2007	(449,239)
Accrued interest payable	(390)
Bonds payable	(42,000)
Prepaid insurance at July 1, 2007	<u>1,001</u>
Net Assets at July 1, 2007-Governmental Activities	<u>\$ 639,571</u>

**REQUIRED SUPPLEMENTAL INFORMATION**

**RECREATION DISTRICT NO. 2 OF ALLEN PARISH**  
**A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**  
**GOVERNMENTAL FUND - GENERAL FUND**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2008**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Ad valorem taxes - net	\$ 110,800	\$ 111,324	\$ 524
Other revenues:			
Interest	-	2,633	2,633
Total Revenues	<u>110,800</u>	<u>113,957</u>	<u>3,157</u>
<b>EXPENDITURES</b>			
Advertising	-	1,635	(1,635)
Gas & oil	1,000	1,400	(400)
Insurance	7,500	7,995	(495)
Miscellaneous	-	558	(558)
Payroll taxes	-	2,010	(2,010)
Printing & office supplies	-	216	(216)
Professional fees	1,500	4,469	(2,969)
Repairs & maintenance	11,000	23,223	(12,223)
Utilities	4,000	6,077	(2,077)
Wages	24,800	18,218	6,582
Capital outlay	18,000	-	18,000
Debt service:			
Principal retirement	40,000	42,000	(2,000)
Interest	3,000	1,170	1,830
Total Expenditures	<u>110,800</u>	<u>108,971</u>	<u>1,829</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>4,986</u>	<u>4,986</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bond proceeds	-	250,000	250,000
Bond issuance costs	-	(4,653)	(4,653)
Transfers in	-	2,000	2,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>247,347</u>	<u>247,347</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>252,333</u>	<u>252,333</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>100,285</u>	<u>100,285</u>	<u>-</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 100,285</u>	<u>\$ 352,618</u>	<u>\$ 252,333</u>

**Notes to the Schedule:**

The budget is adopted on a basis consistent with generally accepted accounting principles.  
 Repairs and maintenance was underbudgeted by \$12,223.

See accountant's report.

## **OTHER SUPPLEMENTAL INFORMATION**

# Stutzman & Gates, LLC

## Certified Public Accountants

Members:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Recreation District No. 2 of Allen Parish  
Kinder, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Recreation District No. 2 of Allen Parish and the Legislative Auditor, State of Louisiana (specified parties), solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended June 30, 2008 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

#### *Public Bid Law*

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures for material & supplies or public works exceeding the \$20,000 and \$100,000 thresholds during the fiscal year ended June 30, 2008.

#### *Code of Ethics for Public Officials and Public Employees*

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list including the noted information.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management (agreed-upon procedure #3) appeared on the list provided by management in agreed-upon procedure #2.

### *Budgeting*

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us a copy of the legally original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the budget adoption to the minutes. No amendments were made to the budget during the year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted revenues by 5% or more and actual expenditures did not exceed budgeted amounts by 5% or more.

### *Accounting and Reporting*

8. Randomly select 6 disbursements made during the period under examination and:

- a) Trace payments to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b) Determine if payments were properly coded to the correct fund and general ledger account.

All payments were properly coded to the correct fund and general ledger account.

- c) Determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the proper authorities.

### *Meetings*

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The District complied with LSA-RS 42:1 through 42:12 (the open meetings law).

### *Debt*

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted deposits that were proceeds from the sale of bonds. We viewed the approval from the state bond commission for these bond proceeds that was obtained before their issuance.

*Advances and Bonuses*

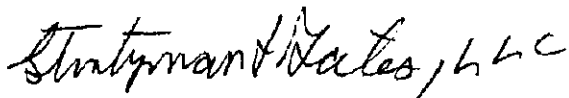
11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

We reviewed of the minutes of the District for the year and there was no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Our prior year compilation report dated December 10, 2007 did not have any findings.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Recreation District No. 2 of Allen Parish and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Slutzman & Gates, LLC  
December 17, 2008

LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)

11/19/08 (Date Transmitted)

Stutzman & Gates, LLC  
P.O. Box 1238  
Sulphur, LA 70664 (Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes ☒ No ☐

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

#### Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

#### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

#### Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

✓ [Signature] Secretary 11-19-08 Date  
✓ [Signature] Treasurer 11-19-08 Date  
✓ [Signature] President 11/19/08 Date